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SECRET

## BIWEEKLY REPORT

# SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

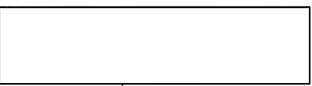
EIC<sup>→</sup>WGR<sup>→</sup>1/19 29 October 1956

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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#### S-E-C-R-E-T

# SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

## Summary of Events, 9-22 October 1956.

The most significant feature of the Sino-Soviet Bloc effort to expand economic relations with the Free World during the period 9-22 October was the intensified effort of the Sino-Soviet Bloc to erode Western leadership in the world petroleum industry. The USSR is engaged in the development of petroleum resources in Syria, Egypt, and India and is presently the major supplier of petroleum to Egypt, Afghanistan, Iceland, and Israel. Other Bloc nations have offered to assist petroleum development in countries in the Middle East, South Asia, and Latin America.

Other significant features of the Sino-Soviet Bloc economic drive include the following:

- 1. The USSR is rumored to have offered to Iceland a \$25-million loan to run for 15 years at 2-percent interest.
- 2. Afghanistan has recently ordered that some non-Bloc and European Satellite goods be imported by way of Pakistan, thereby indicating that its embargo on trade from Pakistan has been raised and that shipping via the USSR has not been wholly successful.
- 3. East Germany and the USSR have indicated a willingness to negotiate multilateral currency arrangements with Brazil and Argentina. Brazil and Argentina have been dissatisfied with bilateral arrangements and, in the past, have suggested that some form of multilateralism be adopted.
- 4. During the period covered by this report, Egypt, Lebanon, and Israel have renewed trade agreements with four Sino-Soviet Bloc nations.

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